

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
National Exchange Carrier Association, Inc.)	
Report on Timing of NECA Pool True-Up)	WC Docket No. 05-29
Submissions and FCC Form 492 Interstate)	
Earnings Monitoring Reports)	

**COMMENTS OF
THE NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION
THE ORGANIZATION FOR THE PROMOTION AND ADVANCEMENT OF
SMALL TELECOMMUNICATIONS COMPANIES
THE INDEPENDENT TELEPHONE AND TELECOMMUNICATIONS
ALLIANCE
THE WESTERN TELECOMMUNICATIONS ALLIANCE
THE UNITED STATES TELECOM ASSOCIATION**

The National Telecommunications Cooperative Association (“NTCA”); the Organization for the Promotion and Advancement of Small Telecommunications Companies (“OPASTCO”); the Independent Telephone and Telecommunications Alliance (“ITTA”); the Western Telecommunications Alliance (“WTA”); and the United States Telecom Association (“USTA”) (collectively, the “Associations”)¹ hereby files these comments with respect to the *Report* filed by the National Exchange Carrier Association, Inc. (“NECA”) in the above-captioned matter.

¹ The Associations are membership organizations that collectively represent nearly all rate of return rural incumbent local exchange carriers (RLECs) providing service in the United States. Most of the Associations’ members participate in the interstate access tariffs and revenue pools administered by NECA, and are therefore significantly interested in any actions that the Commission may take with respect to NECA’s pooling processes.

I. INTRODUCTION

NECA's *Report* responds to questions raised by the Commission in its November 30, 2004, *Order* in WC Docket No. 04-372.² As required by the Commission's *Order*, the *Report* discusses various aspects of NECA's pool settlement processes, including the basis for NECA's 24-month pool adjustment window,³ the timing of Form 492 Earnings Monitoring Reports, completion of jurisdictional cost separations studies; and true-ups of Interstate Common Line Support ("ICLS") and Local Switching Support ("LSS") data submissions.⁴ The *Report* explains the extent to which the timing of cost studies can affect earnings monitoring reports, and why pooling companies sometimes have difficulty completing these studies in time for inclusion in NECA's final Form 492 Earnings Monitoring Reports.⁵

The *Report* describes steps that NECA plans to take to improve the timeliness of cost study submissions, and describes changes that NECA is making to improve its tariff documentation processes.⁶ Finally, NECA's *Report* suggests changes the Commission might consider to assist in this process, including moving the filing date for final pool earnings reports from September of the year following a monitoring period to January of the second year following a monitoring period. According to NECA, these measures, if adopted, "should significantly improve the accuracy of earnings monitoring reports and

² July 1, 2004 Annual Access Charge Tariff Filings, *Memorandum Opinion and Order*, WC Docket 04-372, FCC 04-277 (rel. Nov. 30, 2004) (*Order*), *Errata*, DA-04-4050 (rel. Dec. 23, 2004).

³ *Report* at 3-6.

⁴ *Id.* at 6-9.

⁵ *Id.* at 10-17.

⁶ *Id.* at 17-19.

sharply reduce or perhaps eliminate the need for supplemental reports to reflect later pooling adjustments.”⁷

II. DISCUSSION

The Associations support NECA’s efforts to improve the timeliness of cost study submissions and the accuracy of pool Form 492 Earnings Monitoring Reports, and encourage the Commission to consider carefully the recommendations set forth in NECA’s *Report*. At the outset, it should be noted that NECA, and the interstate access tariffs and revenue pools that it administers, are critical to the ongoing efforts of rural ILECs to provide universal service in rural and insular areas. NECA’s pooling processes provide an effective and administratively workable way for small telephone companies to file tariffs in compliance with the Commission’s Part 69 access charge rules, while allowing companies to focus resources where it counts – providing affordable and reliable service to rural telecommunications carriers.

In particular, the Associations concur with findings set forth in NECA’s *Report* relative to challenges faced by small companies in preparing annual cost studies. NECA’s *Report* describes the steps that small cost companies must go through in order to finalize their accounting records following the close of a calendar year and to gather and analyze the data necessary to categorize accounting information for purposes of performing jurisdictional separations studies. The *Report* includes statements prepared by three local exchange carriers’ LEC consulting firms that explain in detail the work that

⁷ *Id.* at ii. The *Report* also proposes changes to the way that the pool is administered. Instead of a two-year “rolling” adjustment window, for example, NECA’s *Report* suggests that the pool be administered on a calendar year basis, such that all carrier-initiated adjustments to data in a particular year would be completed by the end of the following year. *Id.* at 19-20.

must be done by telco managers, their accountants, auditors and consulting firms in order to complete and validate studies prior to their submission to NECA.

The Associations also agree with NECA's conclusion that improvements in the timing of cost study submissions can be achieved. The Commission should recognize, however, that there are always likely to be situations that make it difficult for rural LECs to finalize their cost studies according to a rigid schedule. Since it can be expected that some number of NECA pool participants will likely face situations in any given year that make it impractical to assemble the records and perform the complex analyses needed to complete a cost study by July 31, the Commission should seriously consider changing the date for NECA to submit its final earnings reports from September of the year following a monitoring period to January of the next succeeding year. As NECA's *Report* explains, this would make the periods for filing earnings monitoring reports consistent with the current schedule for companies to file final ICLS and LSS true-up data.⁸

NECA's *Report* notes that the Commission's rules generally do not specify particular time periods for carriers to correct errors and omissions to previously-reported data. The *Report* discusses a recent action taken by the Commission to specify a time period for submitting corrections to revenue data reported for purposes of computing federal universal service contributions, and suggests that the Commission consider establishing consistent time frames and procedures for carriers to submit corrections to other types of data (such as ICLS, LSS, High Cost Loop, and NECA pool settlement data).⁹

⁸ *Id.* at 22.

⁹ *Id.* at 21.

The Associations agree that the Commission should be consistent in specifying rules or guidelines governing the submission of data true-ups. As a general matter, it is much easier for carriers to finalize revenue information than it is to determine final cost amounts. It would therefore be unreasonable for the Commission to impose a short time window in which carriers could submit corrections or true-up to cost data, while allowing a longer period for carriers to submit corrections to revenue data.

III. CONCLUSION

The Associations support NECA's efforts to respond to the Commission's concerns regarding timing differences between pool true-up submissions and FCC Form 492 earnings monitoring reports. The Commission should encourage NECA in its efforts to work with member companies on improving the timeliness of cost study submissions, and should refrain from imposing unrealistic or inflexible time constraints on these processes. The Commission should carefully consider the recommendations contained in NECA's *Report*, including in particular NECA's suggestion that the deadline for submitting final Form 492 earnings reports be moved from September of the year following a monitoring period to January of the second year succeeding a monitoring

period. Finally, the Associations agree that the Commission should consider establishing guidelines for submitting corrections and/or true-ups to previously-reported data that are consistent across all programs.

Respectfully submitted,

**NATIONAL TELECOMMUNICATIONS
COOPERATIVE ASSOCIATION**

/s/ L. Marie Guillory

L. Marie Guillory
Vice President, Legal and Industry
4121 Wilson Boulevard, 10th Floor
Arlington, VA 22203
(703) 351-2000

**ORGANIZATION FOR THE PROMOTION
AND ADVANCEMENT OF SMALL
TELECOMMUNICATIONS COMPANIES**

/s/ John N. Rose

John N. Rose
President

Stuart Polikoff
Director of Government Relations
21 Dupont Circle, N.W., Suite 700
Washington, DC 20037
(202) 659-5990

**INDEPENDENT TELEPHONE AND
TELECOMMUNICATIONS ALLIANCE**

/s/ David W. Zesiger

David W. Zesiger
Executive Director
1300 Connecticut Avenue, N.W.
Washington, DC 20036
(202) 775-8116

**WESTERN TELECOMMUNICATIONS
ALLIANCE**

/s/ Gerard J. Duffy

Gerard J. Duffy, Counsel
Blooston, Mordkofsky, Dickens, Duffy &
Prendergast
2120 L Street, N.W., Suite 300
Washington, DC 20037
(202) 659-0830

UNITED STATES TELECOM ASSOCIATION

/s/ James W. Olson

James W. Olson
Vice President Law & General Counsel
1401 H Street, N.W., Suite 600
Washington, DC 20005
(202) 326-7269

CERTIFICATE OF SERVICE

I, Gail Malloy, certify that a copy of the foregoing Comments of the National Telecommunications Cooperative Association, the Organization for the Protection and Advancement of Small Telecommunications Companies, the Independent Telephone and Telecommunications Alliance, the Western Telecommunications Alliance and United States Telecom Association in WC Docket No. 05-29, DA 05-323 was served on this 4th day of March 2005 by first-class, U.S. Mail, postage prepaid, to the following persons.

/s/ Gail Malloy

Gail Malloy

Chairman Michael K. Powell
Federal Communications Commission
445 12th Street, SW, Room 8-B201
Washington, D.C. 20554

Commissioner Jonathan S. Adelstein
Federal Communications Commission
445 12th Street, SW, Room 8-C302
Washington, D.C. 20554

Commissioner Kathleen Q. Abernathy
Federal Communications Commission
445 12th Street, SW, Room 8-B115
Washington, D.C. 20554

Richard Askoff, Esq.
National Exchange Carrier Association
80 South Jefferson Road
Whippany, NJ 07981

Commissioner Kevin J. Martin
Federal Communications Commission
445 12th Street, SW, Room 8-A204
Washington, D.C. 20554

Douglas Slotten
Pricing Policy Division
Wireline Competition Bureau
Federal Communications Commission
445 12th Street, SW, Room 5-A233
Washington, D.C. 20554

Commissioner Michael J. Copps
Federal Communications Commission
445 12th Street, SW, Room 8-A302
Washington, D.C. 20554

Best Copy and Printing, Inc.
445 12th Street, SW
Room CY-B402
Washington, D.C. 20554